

**MINUTES OF THE SPECIAL MEETING OF THE LA CAÑADA FLINTRIDGE
CITY COUNCIL HELD ON THURSDAY, JULY 8, 2004, IN THE
CITY COUNCIL CHAMBERS AT 1327 FOOTHILL BLVD.,
LA CAÑADA FLINTRIDGE, CALIFORNIA**

Call to Order

Mayor Olhasso called the meeting to order at 5:05 p.m.

Roll Call

Councilmembers present were Gregory Brown, Stephen Del Guercio, David Spence, and Laura Olhasso. Mayor Pro Tem Portantino was absent. Staff members present were City Manager Alexander, City Attorney Steres; City Treasurer Voss, and City Clerk Wahlsten.

Comments from the Public

There was no one present wishing to speak under this item.

4. Agreement with La Cañada Unified School District for Sewer District No. 04-1 Improvements

Staff report by City Manager Alexander. At a special meeting held June 29, 2004, the City Council approved a revolving promissory note with the School District for a loan of \$400,000 for the purpose of pre-paying the assessment for sewer Assessment District 04-1 for Palm Crest Elementary and the School District office. Following that approval, the School District was advised by its legal counsel that the form of the note needed to be more of a lease in order to comply with some of the debt limitations under the State Constitution and they revised it. The School Board approved the form of a lease agreement last week which was included in the agenda packet. The City Attorney has reviewed it and found that some additional changes are needed to comply with our requirements. That Lease with Option to Purchase for Sewer Improvements is being presented to the City Council at this meeting for action.

City Attorney Steres stated he has talked to the School District's counsel and they are okay with the changes. There are more standard terms that identify the leased property, the lease proceeds that are being paid for the property; and the lease payments are outlined in Exhibit A.

City Treasurer Voss noted there is one change in the structure. The original loan had a revolving structure during the first five years as if it were a line of credit; however the lease does not have that feature. The School District can prepay but not re-borrow during the first five years.

Councilmember Del Guercio requested that the document be clarified that they are acquiring a non-exclusive right to use the sewer line, not purchasing the improvements. Council concurred.

Council discussed what would happen if the School District sold the property that has the office since they have discussed that possibility. City Attorney Steres stated it would not affect this lease or the ability to enforce it. If we did an amendment for the additional funds so they can do the on-site improvements for hook-up, it would be important in that amendment.

City Manager Alexander asked about adding a non-assignment clause and City Attorney Steres concurred.

Councilmember Brown stated he still has the problems with interest calculations that he articulated at the June 29 meeting, but he would not go over those again.

Councilmember Del Guercio asked about the remedy if the School District does not hook up to the sewer system. He expressed concern that, as a member of the sub-committee that worked with the school board, their counsel did not bring up these issues when they were meeting. Council discussed several options, including possible forms of collateral; having it go to bond, then loaning them the money each year for the first few years for the payment; or adding a provision requiring them to hook up to the sewer system and abandon their septic system within the statutory time period, enforceable with injunctive relief, and there will be penalty of the outstanding principal. Council concurred with the last option.

Motion by Councilmember Spence, seconded by Councilmember Del Guercio to approve the Lease with Option to Purchase for Sewer Improvements, as amended, and authorize the City Manager to execute the Lease. Motion carried 3-1 with Councilmember Brown voting "no."

Closed Session

City Attorney Steres read the title of the closed session.

5. Closed Session
Conference with Real Property Negotiator (Pursuant to Government Code Section 54956.8)
Property: APN 5811-015-018 – 1117 Lavender Lane
City Negotiators: City Manager and City Attorney
Negotiating Parties: Mr. and Mrs. Cheung
Under Negotiation: Price and terms for acquisition of easements

Mayor Olhasso called the meeting into closed session at 6:00 p.m. City Clerk Wahlsten and City Treasurer Voss left the meeting.

Mayor Olhasso called the meeting back into open session at 6:20 p.m. and stated there was no action to report.

Adjournment

Mayor Olhasso adjourned the meeting at 6:21 p.m.

Marjorie K. Wahlsten, City Clerk

Minutes approved by the City Council on September 7, 2004